

NIO/W
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WESTERN EUROPE

BERLIN/USSR/EAST GERMANY: New Berlin Ploys?

The Soviets and East Germans may be preparing new challenges aimed at eroding Western rights to Berlin and dividing West Germany from the three Western powers on sensitive Berlin issues. Their recent, though unsuccessful, efforts to have Stockholm CDE observers meet in East Berlin--an action that would have deliberately violated the demilitarized status of Berlin--may presage further initiatives, with little or no further warning, possibly linked to Gorbachev's visit to East Berlin in May or this year's anniversary celebrations.

GREECE/TURKEY: Confrontation

Despite the recent abatement of tensions over oil exploration and continental shelf rights in the Aegean, underlying causes of tension persist. Papandreou's policy of using conflict with Turkey to serve his own political interest at home will continue to spark future confrontations. Each side apparently believes the US can prevent war--an attitude that may encourage recklessness and lack of restraint, which could trigger sudden confrontation through miscalculation and escalation.

MALTA/LIBYA: Libyan Efforts to Buy the Election

If 9 May's national elections are clean, the pro-Western Nationalist party would likely win, but the ruling pro-Libyan Labor Party's control of the electoral machinery and well established proclivity to cheat indicate it will narrowly win the election.

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NEAR EAST/SOUTH ASIA

AFGHANISTAN/PAKISTAN/USSR: Famine and Mounting Soviet Pressure

The 350 Soviet/Afghan bombing and airspace violations into Pakistan reported so far this year are both deeper and more deadly than last year's unprecedented 750 reported violations. They are likely to increase over the

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next several months as the Soviets escalate pressure on Islamabad. Meanwhile, worsening food shortages may affect the Afghan resistance and result in a new influx of refugees into Pakistan at a time when they are becoming an increasingly sensitive domestic issue. Spreading violence in Pakistan, where citizens are protesting the presence of refugees, will increase and--fueled by the continuing Soviet/Afghan subversion campaign--will cause increasing domestic unrest in Pakistan.

EGYPT: Prospects for Instability

In the face of acute economic deterioration and increasing activity by religious activists, President Mubarak will be hard-pressed to maintain control. He probably is unwilling or unable to take the steps needed to implement sweeping economic restructuring because it would be certain to provoke extensive protests and labor strife that would threaten Mubarak's hold on the presidency.

INDIA/CHINA: Border Dispute

Both China and India have heightened their states of alert and have taken additional steps to improve their military capabilities in the disputed border area.

Chinese initiation of hostilities would be calculated to cause New Delhi to withdraw from last summer's encroachments and to enhance China's negotiating position in the forthcoming, and eighth, round of border talks. India's inclusion last year of the disputed area into a new state, and Gandhi's domestic concerns, make New Delhi unlikely to yield to Chinese threats. Should the situation remain intractable, more serious fighting in this remote and rugged terrain will require further military preparations by both sides which we should be able to detect.

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INDIA/PAKISTAN: Continued Uncertainty, Nuclear Weapons and Leverage

The memory of India's recent massive buildup on the Pakistani border--and New Delhi's proposal to raise its defense budget by 43 percent--are cause for growing tension in the subcontinent. Furthermore, the possible confluence of Gandhi's proclivities for spontaneous decisionmaking and the apparently greater influence on him from aggressive-minded military leaders bode ill for the future. Pakistan clearly perceives an increased level of threat from India and, along with the threats from Moscow and the demands of supporting the Afghan resistance, mean Islamabad almost certainly will not vary from a goal of obtaining nuclear weapons as soon as possible. Pakistan already has the capability to produce a nuclear weapon--conceivably within a few days to a few weeks.

We can no longer be certain of timely additional warning of a nuclear weapons capability. NIO/Warning notes that we should be prepared for the eventuality of a weapons test in the subcontinent.

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IRAN/IRAQ/GULF ARAB STATES: Damn the Torpedoes

The war at sea has reached a new level of seriousness. An Iranian frigate recently attacked a tanker despite the 6nm proximity of a US warship.

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given errors in target acquisition and discrimination--of an Iranian attack on even an American or Soviet combatant on escort duty in the Gulf.

IRAN/IRAQ: Internal Developments

Political stakes in the war are high. The potential for sudden collapse of either government is out of proportion to actual or likely military results. Rising casualties and Iranian advances into Iraqi territory are increasing military and civilian opposition to Husayn. In Iran, differences over conduct of the war have sparked substantial, and still unresolved, infighting, and recent Iranian gains appear to have strengthened the hand of those who favor more aggressive prosecution of the war. Khomeini seems to have lost control of the power struggle among his successors, and his death could trigger chaos.

KURDS/TURKEY/IRAQ/IRAN: Kurds Weighing In

Continued Iranian support and manipulation of the Kurds--coupled with increasing insurgent activity in the Kirkuk oil region--are drawing Turkey closer to the conflict in the region. Kurdish attacks originating from Iraq against a Turkish village prompted Ankara to launch large airstrikes against Kurdish insurgents in Iraq. Turkish warnings to Iran concerning Tehran's meddling in the Kurdish problem are serious and have the potential for worsening Turkish-Iranian relations.

LIBYA: Debate

Although the Libyan public probably does not yet fully appreciate the extent of Qadhafi's failures in Chad, popular backlash against Libya's rather stunning defeats seems certain to grow. The political and psychological repercussions of these debacles may not reach their full effect for several months, but Qadhafi's chances of retaining power will lessen in the face of public discontent and continued plotting in the military officer corps.

MOROCCO/MAURITANIA: Sandstorm

Morocco's latest extension of its earthen berm along the Mauritanian border of Western Sahara has sparked serious concern that Morocco will try to occupy territory held by Mauritanian troops and obstruct important Mauritanian economic interests in the area. The dispute plays into the hands

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of Mauritanian opposition elements opposed to President Taya's pro-Morocco and US policies. Mauritanian embarrassment and a military defeat would topple the government and produce a policy realignment.

SYRIA: Internal Struggle

Assad's poor health could leave him incapacitated at any time. In the absence of a named successor, new pressures in Lebanon, and an ever-deteriorating economic situation, the chances of a sudden change of government grow.

TUNISIA: Increasing Instability

Tensions from the downwardly spiraling economy are fueling discontent and could destabilize the country especially during the succession crisis when it comes. The Libyan threat almost certainly will increase in the post-Bourguiba period, and Algeria too may try to influence the succession struggle.

EAST ASIA

PHILIPPINES: [REDACTED]

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February's constitutional plebiscite reaffirmed Aquino's popular support, but the need for major economic and political reforms is more urgent than ever. Communist terrorist activities will grow--targetting even American interests--causing additional civil/military tensions within the government and creating an even more volatile environment for provocations and power plays by both ends of the spectrum. Further attempts to discredit Aquino, and new coup plotting, are possible as May's scheduled National Assembly elections approach.

SOUTH KOREA: Stacking the Deck

President Chun's announcement that the constitution will not be revised ensures his control over choice of a successor this year. This increases the potential for a major upheaval soon. Missteps by either Chun, military hardliners, or provocateurs within the ranks of the political opposition could bring a breakpoint at any time. Should key military leaders view Chun as losing control, they probably would move to overthrow him, but we probably would receive little additional warning. Any breakdown in public order will encourage North Korea to consider mounting destabilization operations and foment anti-government riots and sabotage.

LATIN AMERICA

CHILE: Intransigence

The Pope's visit has galvanized the moderate opposition's campaign for free elections. Even senior military officers appear more responsive to this effort, but Pinochet remains as determined as ever to maneuver to remain in

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power past 1989. A concerned Pinochet's actions to maintain control may precipitate a new crisis of confidence over his leadership within the armed forces and fuel momentum for decisive change before 1989.

ECUADOR: Tenuous Tenure

With Ecuador's oil exports suspended for at least six months due to the recent devastating earthquake, President Febres-Cordero's tenure in office has become more precarious than ever. He faces mounting demonstrations against government austerity measures as well as intensified political polarization and unresolved splits within the military that keep him on the defensive and dependent on the Army.

HAITI: Storm Warning

The recent vote on a new constitution--in preparation for presidential elections--has paved the way for a democratically elected government to replace the current provisional ruling council. Despite this successful step, the faltering economy--Haiti's greatest threat to democratic institutions--continues to worsen. Unemployment surpasses 50 percent, and 80 percent of the population lives below the poverty line. Recent proposals calling for major reductions in Haiti's export quota of brown sugar to the United States--and changes in the 1986 Bilateral Textile Treaty--will only increase strains on the Haitian economy. Should these conditions continue to be inadequately addressed, Haiti's increasingly volatile situation could erupt into violent upheaval which would reverse the gains thus far achieved.

JAMAICA: Hard Times Aid Manley

Political tensions are likely to remain high, and economic woes are deepening. Manley's chances of winning national elections, despite being temporarily sidelined by illness, remain high.

MEXICO: Political Crisis

New electoral laws are largely cosmetic and do not adequately address the problems of electoral fraud. Acute economic problems, austerity measures, and corruption will continue to generate widespread popular and business dissatisfaction and prompt sporadic civil disturbances, especially in the northern states.

NICARAGUA/HONDURAS: Continuation of Hostilities

Nicaragua continues to maintain a limited presence inside Honduran border regions, thereby keeping pressure on the Honduran government to restrict rebel activities. Honduras is likely to seek concessions and further reassurances of support from the US, as Managua steps up activities aimed at embarrassing Tegucigalpa. NIO/Warning notes that the potential for Sandinista forces to fire on US military personnel in Honduras continues.

SURINAME: Quagmire

The announcement last week of a new constitution and dates for a referendum and general elections are simply a way to perpetuate the military, and Bouterse, in power. Nine months of insurgent military and economic attacks by Brunswijk's 200-person forces have not significantly eroded Bouterse's grip on power. The lack of a viable alternative to Bouterse; continued loyalty by the army; Bouterse's recent ability to stem deteriorating living conditions; and continued Dutch, Brazilian, and Venezuelan acquiescence have allowed Bouterse to weather current crises. Nonetheless, governmental collapse remains a real possibility, and should Bouterse feel his regime is about to fall, he may seek additional support from Libya.

SUB-SAHARA AFRICA

ANGOLA: Prospects for Clash with South Africa Continue

The risk of direct South African-Soviet/Cuban clashes continues as the Angolan government contests ground in UNITA-controlled territory.

NIGER/LIBYA: Libyan Activities

Niger is unable to control its northern border, and Libya seeks to assert a questionable territorial claim over the longer term. Ultimately Qadhafi would like to topple President Kountche whose recent health problems have highlighted the problem of succession. Increased Libyan meddling and subversion--spurred by Qadhafi's ire at French and US assistance to Chad--can be expected as Qadhafi escalates activities in Africa and as uncertainty over the succession takes hold.

SOUTH AFRICA/FRONTLINE STATES: Confrontation

As May's parliamentary elections approach, the South African government's belligerent actions, unprecedented media restraints and massive extraconstitutional effort to suppress dissent--apparently including an assassination program targeted at internal opposition groups--will intensify. In ruling by emergency decree and stifling legitimate dissent, the government has acknowledged its authority can be perpetuated only by force. As the government continues its present policies, domestic polarization will be exacerbated, weakening also the influence of moderate blacks and whites who seek compromise. Externally Pretoria's increasingly coercive measures against the Frontline States afford greater opportunities for both the West and the East to capitalize on their heightened sense of vulnerability. The Soviets already are exploiting the situation, especially with Zimbabwe, to make inroads into the region.

SUDAN/LIBYA/ETHIOPIA: Precarious Tenure

New coup plotting to topple Sadiq seems certain from military officers at odds with Sudan's handling of Libyan use of Sudanese territory in its Chadian operations. Additional Ethiopian air incursions into Sudan, and continued support to Sudanese insurgents coupled with reductions in US aid, may lead to increased Libyan influence over the Sadiq government.

SOVIET UNION/EASTERN EUROPE

EASTERN EUROPE: Under Pressure

Dissent is increasing throughout much of Eastern Europe. To various degrees, the present governments are under new pressures:

- Growing political and economic problems are making it increasingly difficult for secretary Kadar to maintain effective Party leadership in Hungary. He could resign any time this year for "health reasons" in an attempt to facilitate governmental and economic reform. Widespread discontent among the populace will certainly mount if reforms are not initiated and if living standards continue to decline.
- Pressures seem greatest in Romania, where the continuing debt and liquidity crises have exacerbated already abject living conditions. Civil unrest is increasing, and as conditions worsen, the Soviets will be in a position to exert even more pressure than before.
- In Yugoslavia, if Belgrade implements its plan for stringent austerity measures this year to combat raging inflation--now over 100 percent a year--a serious political upheaval could erupt that would threaten the federal Executive Council's authority and trigger open defiance from public authorities. A successful renegotiation of Yugoslavia's \$19 billion debt with the IMF and Western bankers will help Belgrade muddle through this difficult year, but will not reduce the debilitating political and ethnic rivalries that have gradually undermined the political order since Tito's death six years ago.

USSR: Massive Need for Hard Currency

The Soviets face substantial reductions in hard currency earning from oil this year at a time of increasing need for imports for modernization. Moscow increasingly will: rely on Western credit markets; squeeze oil supplied to Eastern Europe to try to barter it on the international market; sell more gold; and try to promote new exports--arms, vehicles, metals, and shipping services--at bargain prices to gain needed hard currency.